

## **PROPOSED HECB RECOMMENDATIONS 2001-2003 BIENNIUM OPERATING AND CAPITAL BUDGETS**

*October 2000*

### **OVERVIEW**

State statute (28B.80 RCW) directs the Higher Education Coordinating Board (HECB) to provide recommendations to the Governor and Legislature on the operating and capital budget requests of the higher education institutions. This responsibility is part of the Board's overall legislative directed mission to "represent the broad public interest above the interests of the individual colleges and universities" (28B.80.320 RCW). As provided in statute, the Board's budget recommendations are to reflect the following:

1. The role and mission statements of each of the four-year institutions and the community and technical colleges;
2. The goals, objectives, and priorities of the state's Comprehensive Master Plan for Higher Education; and
3. Guidelines that outline the Board's fiscal priorities.

The HECB's Fiscal Committee has reviewed and evaluated the operating and capital budget requests of the universities and colleges and makes recommendations to the full Board for consideration and action. The committee's recommendations for the 2001-2003 biennium are derived from the major initiatives and priorities outlined in the Board's 2000 Master Plan for Higher Education, which the Legislature adopted this year.

The Fiscal Committee developed its recommendations following the legislative directive to re-examine the enrollment forecasts and capital planning assumptions in the Master Plan. That re-examination, initiated in the spring and completed in late summer, involved extensive collaboration with the institutions, the Office of Financial Management, and legislative staff. The re-examination did not result in any recommendation to revise the Board's plan and concluded that the capital planning standards represented a reasonable method for projecting the long-term space needs of the universities and colleges.

In developing its proposed budget recommendations, the Fiscal Committee met numerous times to review the institutions' respective budget requests, listened to presentations from the institutions, and reviewed preliminary capital project rankings with institutional representatives.

This proposal reflects the Fiscal Committee's assessment of the capital and operating expenditure priorities for the 2001-2003 biennium. Resolution 00-51 is enclosed for the Board's consideration.

# 2001-2003 BIENNIUM CAPITAL BUDGET RECOMMENDATIONS

## OVERVIEW

In April 2000, the Chair of the Senate Ways and Means Committee and Co-Chairs of the House Capital Budget Committee asked the HECB to take a new approach in developing its biennial capital budget recommendations. Specifically, they asked the Board to develop a methodology to prioritize and rank capital project requests both within and across the state's two and four-year public colleges and universities. This request is consistent with the Board's responsibility to provide the Legislature with a statewide perspective on higher education capital needs.

In developing its methodology, HECB staff met numerous times over the past spring and summer with representatives of the universities and colleges, the Office of Financial Management, and legislative staff. At these meetings, the work group reviewed and refined the new methodology. Throughout these discussions, it was emphasized that the HECB's perspective on capital needs, as expressed through the integrated statewide list, provides an **additional perspective** to assist the Legislature and Governor in capital funding decisions and is **not a substitute** or alternative to the institutions' own budget priorities.

The HECB staff and Fiscal Committee took the following steps in developing the integrated priority list:

- Step 1: Established project categories.
- Step 2: Assigned a numeric score/value to each category, reflecting the relative priority of the category as associated with Master Plan initiatives.
- Step 3: Assigned projects to the categories and ranked the projects by their respective numeric score. Projects with the same score/value are listed by institution in alphabetical order. If a college or university has more than one project with the same score, the projects are ranked by institutional priority.

### *Priority Categories* (from highest to lowest priority)

- Categories 1-4: Protecting and preserving the physical and academic quality of the existing capital assets of the colleges and universities
- Category 5: Alleviating existing space shortages and adding capacity for future enrollment demand
- Category 6: Meeting capital needs for areas of high program demand

- Category 7: Supporting investments to promote institutional competitiveness  
Category 8: Projects whose deferral for one biennium would not jeopardize safety or program quality (in the opinion of the Fiscal Committee)

Attachment A (HECB Capital Project Evaluation Model) lists the priorities and scores used to develop the integrated ranking, and shows the relationship of the scores and project types (categories) to the Master Plan 2000 initiatives.

Attachment B (Capital Project Rankings) provides the integrated prioritized list of the capital projects requested by state universities and colleges for the 2001-2003 biennium.

## RECOMMENDATION

The Fiscal Committee believes that all of the 2001-2003 capital budget requests proposed by the universities and colleges (\$1.08 billion) reflect important facility needs. However, it recognizes that capital funding constraints and the needs of other sectors of state government limit the state's ability to address all of these needs in any one biennium. Consequently, the committee is proposing a *minimum funding recommendation* of \$933 million to fund all projects with scores of 84 or above (all projects within categories 1-5).

Funding this recommendation would require:

- ◆ **\$529 million in General Obligation Bonds**
- ◆ **\$174 million from the Education Construction Fund<sup>1</sup>**
- ◆ **\$230 million from local funds**

This recommendation would represent about 53% of the total new bond authorization (\$1 billion) estimated for the 2001-2003 biennium and would finance **on a cash basis** through the Education Construction Fund most of the repair and improvement projects in categories 1 through 3. The committee believes that these projects, because of their nature and useful life, should be financed ideally on a cash basis rather than through 20-year debt. Using the Education Construction Fund also “frees up” additional debt capacity for other state capital priorities, including K-12 capital needs.

The Fiscal Committee believes that projects in categories 6 and 7 also warrant funding in the 2001-2003 biennium. However, if the Governor and Legislature are unable to consider appropriations beyond the *minimum funding recommendation*, the committee recommends that those projects in categories 6 and 7, which are financed through local funds, be included in the 2001-2003 capital budget.

Illustration C-1 on page 5 summarizes the proposed capital funding recommendation. As shown in the illustration, the proposed use of \$174 million from the Education

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<sup>1</sup> Under current law, when the state's emergency reserve fund balance exceeds five percent of the annual general fund, the excess money flows into the state Education Construction Fund to be used solely for K-12 and higher education construction.

Construction Fund represents about 19% of the total recommended funding level (\$933 million). General Obligation Bonds constitute about 56% of the recommendation, with local funds supporting the remaining 25%. Illustration C-1 also shows the distribution by priority categories of the recommended funding level.

Table C-1 (page 6) summarizes the recommended funding level by project phase, sector and fund. Of the total \$933 million in recommended funding, about \$591 million (63%) is needed to finance projects authorized in prior biennia budgets, which are now at the design or construction phase. About 88% (\$518 million) of the amount proposed for these previous authorizations is for projects requested by the four-year institutions and 12% (\$72 million) is for projects requested by the community and technical colleges.

The recommended funding level proposes \$342 million in new project authorizations (37% of the total recommended funding level). Of this amount, 57% (\$195 million) is proposed for new projects at the four-year institutions and 43% (\$147 million) is recommended for the community and technical colleges.

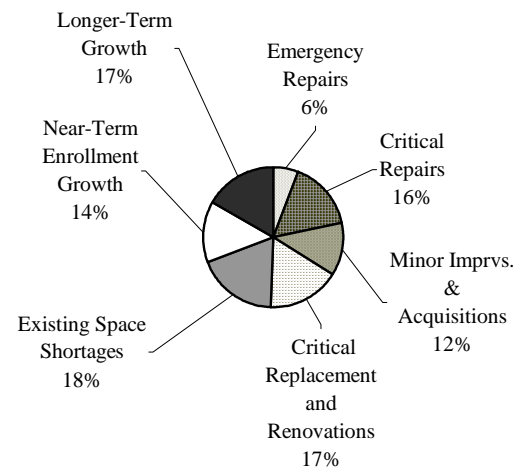
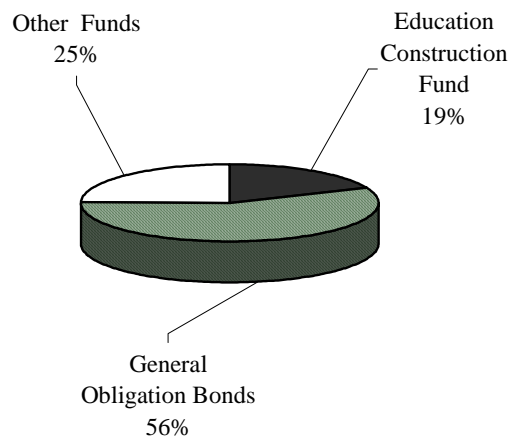
Illustration C-2 (page 7) also displays the recommended funding level by project phase and sector.

## ILLUSTRATION C-1

### PROPOSED

#### 2001-2003 HECB CAPITAL FUNDING RECOMMENDATION BY HECB PRIORITY CATEGORY AND FUND SOURCE

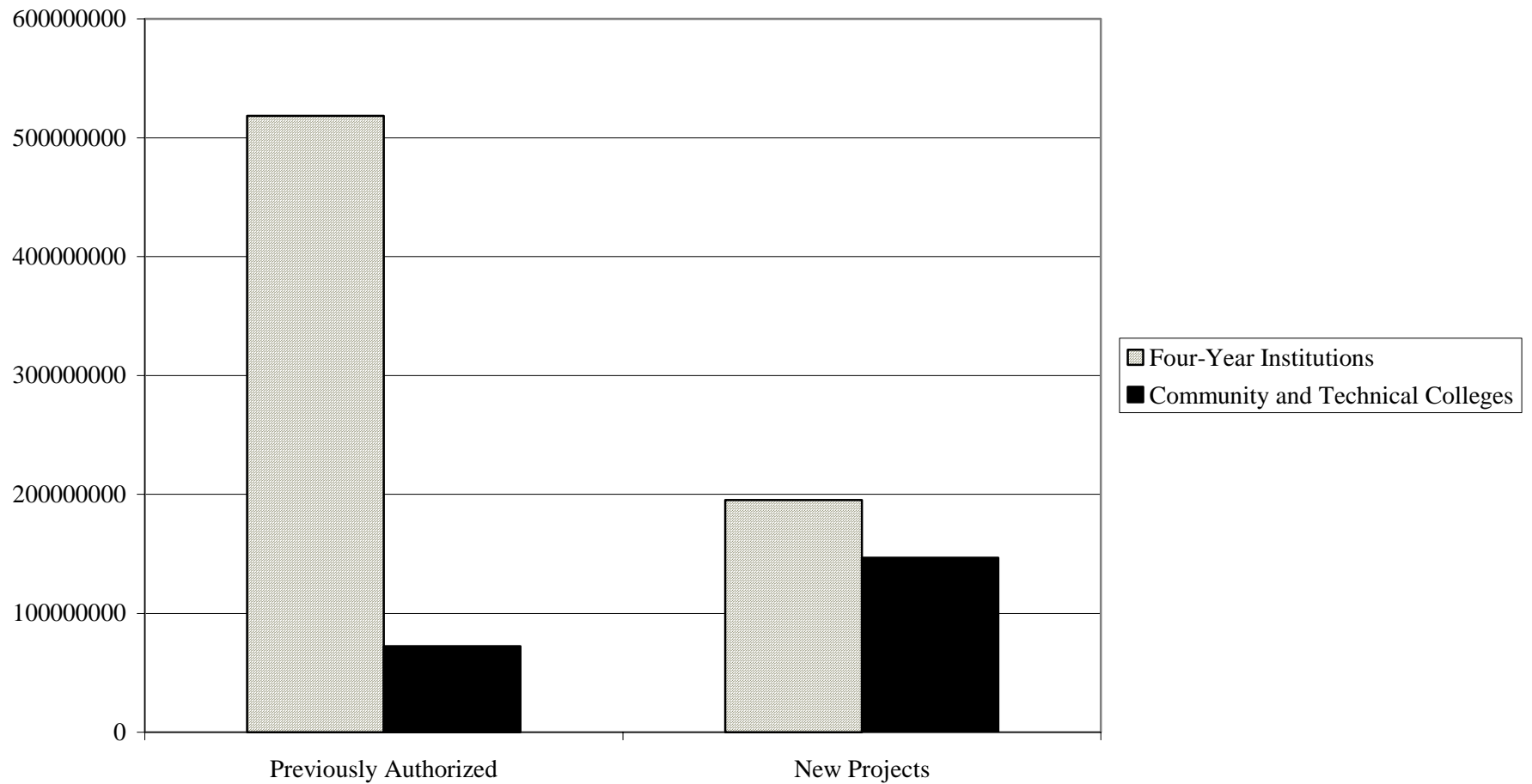
Priority Category	Ed. Construction Fund	General Obligation Bonds	Other Funds	Total
Unanticipated Repairs & Emergencies	\$21,719,873	\$31,160,000	\$560,000	\$53,439,873
Critical Repairs	\$89,912,837	\$39,900,000	\$20,025,000	\$149,837,837
Minor Improvements and Acquisitions	\$61,902,430	\$0	\$50,301,000	\$112,203,430
Major Critical Replacements and Renovations	\$0	\$132,832,011	\$23,097,819	\$155,929,830
Expanded Capacity Projects				
(A) Existing Space Shortages	\$0	\$172,574,210	\$0	\$172,574,210
(B) Near-Term Enrollment Growth	\$0	\$132,066,250	\$0	\$132,066,250
(C) Longer-Term Growth	\$0	\$20,547,000	\$136,125,000	\$156,672,000
<b>Total</b>	<b>\$173,535,140</b>	<b>\$529,079,471</b>	<b>\$230,108,819</b>	<b>\$932,723,430</b>



**TABLE C-1**  
**PROPOSED**  
**HECB FUNDING RECOMMENDATION BY PROJECT PHASE, SECTOR AND FUND**

	Education Construction Fund & General Obligation Bonds		All Other Funds		Total Recommendation	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
<b>PREVIOUSLY AUTHORIZED PROJECTS</b>						
Four Year Institutions	\$357,267,648	83%	\$161,125,000	100%	\$518,392,648	88%
Community and Technical Colleges	\$72,296,050	17%	\$0	0%	\$72,296,050	12%
<b>Total</b>	<b>\$429,563,698</b>	<b>100%</b>	<b>\$161,125,000</b>	<b>100%</b>	<b>\$590,688,698</b>	<b>100%</b>
<b>NEW PROJECT AUTHORIZATIONS</b>						
Four Year Institutions	\$144,147,200	53%	\$51,082,000	74%	\$195,229,200	57%
Community and Technical Colleges	\$128,903,713	47%	\$17,901,819	26%	\$146,805,532	43%
<b>Total</b>	<b>\$273,050,913</b>	<b>100%</b>	<b>\$68,983,819</b>	<b>100%</b>	<b>\$342,034,732</b>	<b>100%</b>
<b>RECOMMENDATION THROUGH CATEGORY 5</b>						
Four Year Institutions	\$501,414,848	71%	\$212,207,000	92%	\$713,621,848	77%
Community and Technical Colleges	\$201,199,763	29%	\$17,901,819	8%	\$219,101,582	23%
<b>Total</b>	<b>\$702,614,611</b>	<b>100%</b>	<b>\$230,108,819</b>	<b>100%</b>	<b>\$932,723,430</b>	<b>100%</b>
<b>TOTAL REQUEST</b>						
Four Year Institutions	\$585,300,848	69%	\$215,197,300	92%	\$800,498,148	74%
Community and Technical Colleges	\$264,877,226	31%	\$17,901,819	8%	\$282,779,045	26%
<b>Total</b>	<b>\$850,178,074</b>	<b>100%</b>	<b>\$233,099,119</b>	<b>100%</b>	<b>\$1,083,277,193</b>	<b>100%</b>

**ILLUSTRATION C-2**  
**PROPOSED**  
**2001-2003 HECB CAPITAL FUNDING RECOMMENDATION BY SECTOR AND**  
**PROJECT PHASE**





## **ATTATCHMENT A**

### **HECB CAPTIAL PROJECT EVALUATION MODEL**

## HECB CAPITAL PROJECT EVALUATION MODEL

MASTER PLAN INITIATIVE	PROJECT TYPE	SCORE
<i>Promote the Efficient and Effective Use of Public Resources in Providing a Quality Learning Environment</i>	<b>1 Unanticipated Repairs and Non-Deferrable Regulatory Compliance</b> A. Funding proposals within an omnibus appropriation request to respond to emergent repair and replacement needs potentially arising within the 2001-2003 biennium.  B. Line-item project requests or projects within an omnibus appropriation request whose funding is proposed in response to emergency conditions and/or a law or code that <u>requires</u> compliance within the 2001-2003 biennium to avoid (a) the closure of facilities essential for the delivery of programs and operations, or (b) the assessment of fines or other punitive actions.	<b>100</b>
	<b>2 Critical Repairs</b> Omnibus appropriation requests whose deferral would jeopardize: <ol style="list-style-type: none"> <li>1. The ability to operate or occupy campus systems and space</li> <li>2. Compliance with building occupancy codes</li> <li>3. Program accreditation</li> </ol>	<b>98</b>
	<b>3 Minor Improvements and Equipment Acquisitions</b> Line-item projects less than \$7.5 million or those projects within an omnibus appropriation request which are needed to sustain an acceptable level of program quality or facility operations	<b>96</b>
	<b>4 Major Replacements, Renovations, and Infrastructure Improvements</b> Renovation, replacement or upgrade of existing space or infrastructure needed to sustain an acceptable level of program quality for current or projected enrollment	<b>94</b>
	<b>5 Expanded Capacity Projects</b> Projects which support the enrollment goals of the 2000 master plan by creating additional capacity at locations: <div style="margin-left: 20px;">             (A) Where existing enrollment is in excess of instructional space capacity             <div style="margin-left: 100px;">               Construction Phase Projects 92                Design Phase Projects 91                Predesign Phase Projects 90             </div> </div> <div style="margin-left: 20px;">             (B) Serving regions/programs of near-term projected enrollment demand in excess of existing capacity             <div style="margin-left: 100px;">               Construction Phase Projects 89                Design Phase Projects 88                Predesign Phase Projects 87             </div> </div> <div style="margin-left: 20px;">             (C) Where additional capacity will accommodate longer-term regional/program growth/demand needs             <div style="margin-left: 100px;">               Construction Phase Projects 86                Design Phase Projects 85                Predesign Phase Projects 84             </div> </div>	<b>84 – 92</b>
<i>Reaffirm the State's Commitment to Opportunity in Higher Education</i>		

## HECB CAPITAL PROJECT EVALUATION MODEL

MASTER PLAN INITIATIVE	PROJECT TYPE	SCORE
<i>Support the Delivery of High Demand Programs</i>	<b>6 Program Specific Improvements</b> Improvements (renovation or new construction) needed to house high demand vocational/degree programs <div>             Construction Phase Projects 82              Design Phase Projects 81              Predesign Phase Projects 80           </div>	<b>80-82</b>
<i>Support Institutional Competitiveness</i>	<b>7 General Improvements</b> Improvements (renovation or new construction) or acquisitions needed to support “mission critical” space and infrastructure needs <div>             Construction Phase Projects 78              Design Phase Projects 77              Predesign Phase Projects 76           </div>	<b>76-78</b>
<i>Prioritize Expenditures Within Recognized Fiscal Constraints</i>	<b>8 Other Improvements</b> Line-item projects which could be deferred one biennium without jeopardizing: <ol style="list-style-type: none"> <li>1. The ability to operate or occupy campus systems and space</li> <li>2. Compliance with building accessibility and occupancy codes</li> <li>3. Program accreditation</li> <li>4. An acceptable level of program quality or facility operations</li> <li>5. Near or longer-term enrollment demand</li> </ol>	<b>74</b>

**ATTATCHMENT B**

**CAPITAL PROJECT RANKINGS**

**PROPOSED**  
**2001 - 2003 CAPITAL BUDGET RECOMMENDATIONS**  
**PROJECT RANKINGS**

INSTITUTION/PROJECT		HECB		PROJECT PHASE	2001-2003 BIENNIIUM			CUMULATIVE COSTS		
		CAT.	SCORE		ED. CONST.	G.O. BONDS	OTHER	ED. CONST.	G.O. BONDS	OTHER
<b>CTC</b>	Olympic Plant Operations Building	1	100	Design/Cnst.	\$5,086,600			\$5,086,600	\$0	\$0
<b>CTC</b>	Repairs and Minor Improvements	1	100	Design/Cnst.	\$12,000,000			\$17,086,600	\$0	\$0
<b>TESC</b>	Emergency Repairs	1	100	Design/Cnst.	\$0		\$560,000	\$17,086,600	\$0	\$560,000
<b>UW</b>	Nuclear Reactor Decommissioning	1	100	Construction	\$4,633,273			\$21,719,873	\$0	\$560,000
<b>WSU</b>	Power Plant Improvements	1	100	Design & Cnst	\$0	\$31,160,000		\$21,719,873	\$31,160,000	\$560,000
<b>CTC</b>	Repairs (A)	2	98	Design/Cnst.	\$37,476,637			\$59,196,510	\$31,160,000	\$560,000
<b>CWU</b>	Randall/Michaelson Repairs	2	98	Design/Cnst.		\$3,800,000		\$59,196,510	\$34,960,000	\$560,000
<b>CWU</b>	McConnel Stage and Classroom Remodel	2	98	Design/Cnst.		\$2,100,000		\$59,196,510	\$37,060,000	\$560,000
<b>CWU</b>	Omnibus: Preservation	2	98	Design/Cnst.	\$0		\$4,175,000	\$59,196,510	\$37,060,000	\$4,735,000
<b>EWU</b>	ADA Improvements	2	98	Design/Cnst.	\$0		\$350,000	\$59,196,510	\$37,060,000	\$5,085,000
<b>EWU</b>	Infrastructure Preservation	2	98	Design/Cnst.	\$6,700,000			\$65,896,510	\$37,060,000	\$5,085,000
<b>EWU</b>	Minor Works - Preservation	2	98	Design/Cnst.	\$3,945,000		\$4,000,000	\$69,841,510	\$37,060,000	\$9,085,000
<b>EWU</b>	Campus Roof Replacements	2	98	Design/Cnst.	\$2,619,000			\$72,460,510	\$37,060,000	\$9,085,000
<b>TESC</b>	Life Safety & Code Compliance	2	98	Design/Cnst.	\$0		\$2,500,000	\$72,460,510	\$37,060,000	\$11,585,000
<b>TESC</b>	Preservation	2	98	Design/Cnst.	\$3,940,000			\$76,400,510	\$37,060,000	\$11,585,000
<b>UW</b>	Emergency Power Expansion	2	98	Design/Cnst.	\$12,900,000			\$89,300,510	\$37,060,000	\$11,585,000
<b>UW</b>	Deferred Renewal/Modernization	2	98	Construction	\$0	\$34,000,000	\$6,000,000	\$89,300,510	\$71,060,000	\$17,585,000
<b>UW</b>	Special Projects - Code Requirements	2	98	Construction	\$3,500,000			\$92,800,510	\$71,060,000	\$17,585,000
<b>WSU</b>	Minor Capital Preservation	2	98	Design & Cnst	\$3,000,000		\$3,000,000	\$95,800,510	\$71,060,000	\$20,585,000
<b>WSU</b>	Minor Capital Safety/Environmental	2	98	Design & Cnst	\$3,000,000			\$98,800,510	\$71,060,000	\$20,585,000
<b>WSU</b>	Hazardous Waster Facilities - Statewide	2	98	Design & Cnst	\$3,000,000			\$101,800,510	\$71,060,000	\$20,585,000
<b>WWU</b>	Minor Works: Preservation	2	98	Design/Cnst.	\$9,832,200			\$111,632,710	\$71,060,000	\$20,585,000
<b>CTC</b>	Minor Improvements	3	96	Design/Cnst.	\$20,039,430			\$131,672,140	\$71,060,000	\$20,585,000
<b>CWU</b>	Omnibus: Program	3	96	Design/Cnst.	\$0		\$4,200,000	\$131,672,140	\$71,060,000	\$24,785,000
<b>EWU</b>	Classroom Renewal	3	96	Design/Cnst.	\$1,566,000		\$800,000	\$133,238,140	\$71,060,000	\$25,585,000
<b>EWU</b>	HVAC Systems Upgrades	3	96	Design/Cnst.	\$3,000,000			\$136,238,140	\$71,060,000	\$25,585,000
<b>EWU</b>	Minor Works - Program	3	96	Design/Cnst.	\$515,000		\$1,985,000	\$136,753,140	\$71,060,000	\$27,570,000
<b>TESC</b>	Minor Works - Program	3	96	Design/Cnst.	\$0		\$1,816,000	\$136,753,140	\$71,060,000	\$29,386,000
<b>UW</b>	Minor Repairs - Program	3	96	Construction	\$31,000,000		\$19,000,000	\$167,753,140	\$71,060,000	\$48,386,000
<b>WSU</b>	Minor Capital Improvements	3	96	Design & Cnst	\$0		\$6,000,000	\$167,753,140	\$71,060,000	\$54,386,000
<b>WSU</b>	Omnibus Equipment Appropriation	3	96	Acquisition	\$0		\$8,000,000	\$167,753,140	\$71,060,000	\$62,386,000
<b>WSU</b>	Animal Disease Biotech Equipment	3	96	Acquisition	\$3,200,000			\$170,953,140	\$71,060,000	\$62,386,000
<b>WSU</b>	Branch Campuses: Minor Capital Imp.	3	96	Design & Cnst	\$0		\$1,000,000	\$170,953,140	\$71,060,000	\$63,386,000
<b>WWU</b>	Minor Works: Program	3	96	Design/Cnst.	\$2,582,000		\$7,500,000	\$173,535,140	\$71,060,000	\$70,886,000

**PROPOSED**  
**2001 - 2003 CAPITAL BUDGET RECOMMENDATIONS**  
**PROJECT RANKINGS**

INSTITUTION/PROJECT		HECB		PROJECT PHASE	2001-2003 BIENNIUM			CUMULATIVE COSTS		
		CAT.	SCORE		ED. CONST.	G.O. BONDS	OTHER	ED. CONST.	G.O. BONDS	OTHER
<b>CTC</b>	Replacements (A)	4	94	Design/Cnst.		\$18,405,600	\$13,322,319	\$173,535,140	\$89,465,600	\$84,208,319
<b>CTC</b>	Renovations (A)	4	94	Design/Cnst.		\$35,026,036	\$4,579,500	\$173,535,140	\$124,491,636	\$88,787,819
<b>CWU</b>	Steam, Electrical, Water, & Fiber Optic Impv.	4	94	Design/Cnst.		\$9,000,000		\$173,535,140	\$133,491,636	\$88,787,819
<b>EWU</b>	Cheney Hall Renovation <sup>1</sup>	4	94	Design		\$1,819,000		\$173,535,140	\$135,310,636	\$88,787,819
<b>EWU</b>	Senior Hall Renovation	4	94	Design		\$1,212,000		\$173,535,140	\$136,522,636	\$88,787,819
<b>EWU</b>	Campus Network	4	94	Design/Cnst.		\$2,500,000		\$173,535,140	\$139,022,636	\$88,787,819
<b>EWU</b>	Tawanka Renovation	4	94	Design/Cnst.		\$2,486,000	\$1,196,000	\$173,535,140	\$141,508,636	\$89,983,819
<b>TESC</b>	Evans Bldg. - Technology & Modernization	4	94	Design		\$4,663,000		\$173,535,140	\$146,171,636	\$89,983,819
<b>UW</b>	Suzzallo Library Renovation	4	94	Construction		\$4,563,375		\$173,535,140	\$150,735,011	\$89,983,819
<b>UW</b>	Wire Plant Upgrade	4	94	Construction		\$20,000,000		\$173,535,140	\$170,735,011	\$89,983,819
<b>UW</b>	Condon Hall Renovation	4	94	Predesign		\$150,000		\$173,535,140	\$170,885,011	\$89,983,819
<b>UW</b>	Guggenheim Hall Renovation	4	94	Predesign		\$300,000		\$173,535,140	\$171,185,011	\$89,983,819
<b>UW</b>	Johnson Hall Renovation	4	94	Predesign		\$1,000,000		\$173,535,140	\$172,185,011	\$89,983,819
<b>WSU</b>	Johnson Hall Modernization	4	94	Design		\$3,500,000		\$173,535,140	\$175,685,011	\$89,983,819
<b>WSU</b>	Infrastructure and Road Improvements	4	94	Design & Cnst		\$15,338,000		\$173,535,140	\$191,023,011	\$89,983,819
<b>WSU</b>	WSUnet Infrastructure	4	94	Design & Cnst		\$0	\$4,000,000	\$173,535,140	\$191,023,011	\$93,983,819
<b>WSU</b>	Vancouver - Utilities and Infrastructure	4	94	Construction		\$1,200,000		\$173,535,140	\$192,223,011	\$93,983,819
<b>WWU</b>	Campus Infrastructure Development	4	94	Construction		\$11,669,000		\$173,535,140	\$203,892,011	\$93,983,819
<b>CTC</b>	Clover Park - Transportation Trades	5	92	Construction		\$16,784,000		\$173,535,140	\$220,676,011	\$93,983,819
<b>CTC</b>	Bellingham - Vocational Instruction	5	92	Construction		\$8,086,600		\$173,535,140	\$228,762,611	\$93,983,819
<b>CTC</b>	Lake Washington - Library/Vocational	5	92	Construction		\$15,840,000		\$173,535,140	\$244,602,611	\$93,983,819
<b>CTC</b>	Renton - Library/Computer Labs	5	92	Construction		\$10,591,000		\$173,535,140	\$255,193,611	\$93,983,819
<b>CTC</b>	Skagit Valley - Whidbey Classrooms	5	92	Construction		\$9,175,300		\$173,535,140	\$264,368,911	\$93,983,819
<b>TESC</b>	Seminar II Construction	5	92	Construction		\$45,539,000		\$173,535,140	\$309,907,911	\$93,983,819
<b>WSU</b>	Murrow Hall Addition & Renovation	5	92	Construction		\$10,910,000		\$173,535,140	\$320,817,911	\$93,983,819
<b>WWU</b>	Communications Facility	5	92	Construction		\$36,519,000		\$173,535,140	\$357,336,911	\$93,983,819
<b>WWU</b>	SPMC Undergraduate Center	5	92	Design/Cnst.		\$4,972,000		\$173,535,140	\$362,308,911	\$93,983,819
<b>CTC</b>	Pierce - Vocational Classrooms	5	91	Design		\$1,743,000		\$173,535,140	\$364,051,911	\$93,983,819
<b>CTC</b>	Whatcom - Classrooms/Labs	5	91	Design		\$891,900		\$173,535,140	\$364,943,811	\$93,983,819
<b>CTC</b>	Highline - Classrooms/Vocational	5	91	Design		\$2,228,000		\$173,535,140	\$367,171,811	\$93,983,819
<b>CTC</b>	South Puget Sound - Humanities Complex	5	91	Design		\$1,781,000		\$173,535,140	\$368,952,811	\$93,983,819
<b>CTC</b>	Clark - WSU Vancouver Classrooms/Labs	5	91	Design		\$1,644,000		\$173,535,140	\$370,596,811	\$93,983,819
<b>UW</b>	BioSciences Building	5	91	Design		\$5,000,000		\$173,535,140	\$375,596,811	\$93,983,819

**PROPOSED**  
**2001 - 2003 CAPITAL BUDGET RECOMMENDATIONS**  
**PROJECT RANKINGS**

INSTITUTION/PROJECT		HECB		PROJECT PHASE	2001-2003 BIENNIUM			CUMULATIVE COSTS		
		CAT.	SCORE		ED. CONST.	G.O. BONDS	OTHER	ED. CONST.	G.O. BONDS	OTHER
<b>CTC</b>	South Seattle - Instructional Technology	5	90	Predesign		\$200,330		\$173,535,140	\$375,797,141	\$93,983,819
<b>CTC</b>	Green River - Computer Labs	5	90	Predesign		\$113,324		\$173,535,140	\$375,910,465	\$93,983,819
<b>CTC</b>	Tacoma - Information Tech./Voc.	5	90	Predesign		\$156,728		\$173,535,140	\$376,067,193	\$93,983,819
<b>CTC</b>	Bates - Phased Improvements/Childcare	5	90	Predesign		\$188,692		\$173,535,140	\$376,255,885	\$93,983,819
<b>CTC</b>	Edmonds - Instructional Labs	5	90	Predesign		\$137,676		\$173,535,140	\$376,393,561	\$93,983,819
<b>CTC</b>	Walla Walla - Laboratory Addition	5	90	Predesign		\$72,660		\$173,535,140	\$376,466,221	\$93,983,819
<b>CWU</b>	Music Facility	5	89	Construction		\$25,000,000		\$173,535,140	\$401,466,221	\$93,983,819
<b>CWU</b>	Yakima Center	5	89	Construction		\$18,500,000		\$173,535,140	\$419,966,221	\$93,983,819
<b>UW</b>	Tacoma 2B and Land Acquisition	5	89	Construction		\$49,000,000		\$173,535,140	\$468,966,221	\$93,983,819
<b>WSU</b>	Vancouver - Media/Electronic Communications	5	89	Construction		\$15,900,000		\$173,535,140	\$484,866,221	\$93,983,819
<b>WSU</b>	Vancouver - Circulation and Parking	5	89	Construction		\$4,700,000		\$173,535,140	\$489,566,221	\$93,983,819
<b>CTC</b>	Cascadia	5	88	Design		\$3,531,250		\$173,535,140	\$493,097,471	\$93,983,819
<b>CWU</b>	Highline Center	5	88	Design		\$2,500,000		\$173,535,140	\$495,597,471	\$93,983,819
<b>UW</b>	Bothell 2B	5	88	Design		\$4,200,000		\$173,535,140	\$499,797,471	\$93,983,819
<b>UW</b>	Bothell - Offramp	5	88	Design		\$2,500,000		\$173,535,140	\$502,297,471	\$93,983,819
<b>WSU</b>	Vancouver - Business and Education Building	5	88	Design		\$3,000,000		\$173,535,140	\$505,297,471	\$93,983,819
<b>WSU</b>	Vancouver - Library 2nd Floor Conversion	5	88	Design & Cnst		\$3,000,000		\$173,535,140	\$508,297,471	\$93,983,819
<b>WWU</b>	Academic Instructional Center	5	87	Predesign		\$235,000		\$173,535,140	\$508,532,471	\$93,983,819
<b>EWU</b>	Water System Preservation	5	86	Design/Cnst.		\$2,236,000		\$173,535,140	\$510,768,471	\$93,983,819
<b>UW</b>	CSE/EE III	5	86	Construction		\$2,700,000	\$60,000,000	\$173,535,140	\$513,468,471	\$153,983,819
<b>UW</b>	Life Sciences II	5	86	Construction		\$0	\$69,025,000	\$173,535,140	\$513,468,471	\$223,008,819
<b>WSU</b>	Shock Physics Building	5	86	Construction		\$3,540,000	\$7,100,000	\$173,535,140	\$517,008,471	\$230,108,819
<b>WSU</b>	Vancouver - Student Services Center	5	85	Design		\$2,500,000		\$173,535,140	\$519,508,471	\$230,108,819
<b>WSU</b>	Spokane - Academic Center	5	85	Design		\$3,500,000		\$173,535,140	\$523,008,471	\$230,108,819
<b>WSU</b>	College of Nursing - Spokane Addition	5	84	Predesign		\$71,000		\$173,535,140	\$523,079,471	\$230,108,819
<b>WSU</b>	Spokane - Riverpoint Land Acquisition	5	84	Acquisition		\$5,000,000		\$173,535,140	\$528,079,471	\$230,108,819
<b>WWU</b>	Facility & Property Acquisition	5	84	Acquisition		\$1,000,000		\$173,535,140	\$529,079,471	\$230,108,819
<b>CTC</b>	Matching Funds	6	82	Design/Cnst.		\$5,267,500		\$173,535,140	\$534,346,971	\$230,108,819
<b>WSU</b>	Cleveland Hall Education Addition	6	82	Construction		\$10,210,000		\$173,535,140	\$544,556,971	\$230,108,819
<b>WSU</b>	AMID/Landscape Architecture Building	6	82	Construction		\$27,850,000		\$173,535,140	\$572,406,971	\$230,108,819

**PROPOSED**  
**2001 - 2003 CAPITAL BUDGET RECOMMENDATIONS**  
**PROJECT RANKINGS**

INSTITUTION/PROJECT		HECB		PROJECT PHASE	2001-2003 BIENNIUM			CUMULATIVE COSTS		
		CAT.	SCORE		ED. CONST.	G.O. BONDS	OTHER	ED. CONST.	G.O. BONDS	OTHER
UW	Architecture Hall	6	80	Predesign		\$300,000		\$173,535,140	\$572,706,971	\$230,108,819
WSU	BioMedical Sciences Facility	6	80	Predesign		\$0	\$350,000	\$173,535,140	\$572,706,971	\$230,458,819
TESC	Lab II 3rd Floor Lab Remodel	7	77	Design/Cnst.		\$3,190,000		\$173,535,140	\$575,896,971	\$230,458,819
WWU	Wilson Library Renovation	7	77	Design		\$3,409,000		\$173,535,140	\$579,305,971	\$230,458,819
UW	HSC J Wing	7	76	Predesign		\$300,000		\$173,535,140	\$579,605,971	\$230,458,819
UW	Gould Hall Addition	7	76	Predesign		\$300,000		\$173,535,140	\$579,905,971	\$230,458,819
WSU	Heald Hall - Life Sciences Phase 1	7	76	Predesign		\$0	\$475,000	\$173,535,140	\$579,905,971	\$230,933,819
WSU	Plant BioSciences Building	7	76	Predesign		\$0	\$300,000	\$173,535,140	\$579,905,971	\$231,233,819
WSU	Dana Hall Renovation	7	76	Predesign		\$0	\$319,300	\$173,535,140	\$579,905,971	\$231,553,119
WSU	Spokane - Science and Humanities Facility	7	76	Predesign		\$250,000		\$173,535,140	\$580,155,971	\$231,553,119
WWU	Carver Gymnasium Renovation	7	76	Predesign		\$230,000		\$173,535,140	\$580,385,971	\$231,553,119
CTC	Replacements (B)	8	74	Design/Cnst.		\$18,477,230		\$173,535,140	\$598,863,201	\$231,553,119
CTC	Renovations (B)	8	74	Design/Cnst.		\$5,566,100		\$173,535,140	\$604,429,301	\$231,553,119
CTC	Repairs (B)	8	74	Design/Cnst.	\$34,366,633	\$0		\$207,901,773	\$604,429,301	\$231,553,119
EWU	Cheney Hall Renovation	8	74	Construction		\$20,781,000		\$207,901,773	\$625,210,301	\$231,553,119
EWU	Property Acquisition	8	74	Acquisition		\$0	\$650,000	\$207,901,773	\$625,210,301	\$232,203,119
EWU	EMCS Upgrades	8	74	Design/Cnst.		\$4,138,000		\$207,901,773	\$629,348,301	\$232,203,119
EWU	Hargreaves Renovation	8	74	Predesign		\$150,000		\$207,901,773	\$629,498,301	\$232,203,119
EWU	Building Access System	8	74	Design/Cnst.		\$725,000		\$207,901,773	\$630,223,301	\$232,203,119
TESC	COM Building Expansion & Renovation	8	74	Predesign		\$0	\$200,000	\$207,901,773	\$630,223,301	\$232,403,119
WSU	Compton Union Building Renovation	8	74	Predesign		\$0	\$346,000	\$207,901,773	\$630,223,301	\$232,749,119
WSU	Holland Library Infrastructure Renovation	8	74	Design		\$0	\$350,000	\$207,901,773	\$630,223,301	\$233,099,119
WSU	Museum of Art Building	8	74	Design		\$1,400,000		\$207,901,773	\$631,623,301	\$233,099,119
WSU	Wastewater Effluent Treatment System	8	74	Design & Cnst		\$5,000,000		\$207,901,773	\$636,623,301	\$233,099,119
WSU	Johnson Tower Addition and Renovation	8	74	Predesign		\$150,000		\$207,901,773	\$636,773,301	\$233,099,119
WSU	TriCities - Facilities Services Building	8	74	Design		\$4,900,000		\$207,901,773	\$641,673,301	\$233,099,119
WSU	Vancouver - Academic Space E	8	74	Predesign		\$503,000		\$207,901,773	\$642,176,301	\$233,099,119
WSU	Vancouver - REU Lab & Office Relocation	8	74	Predesign		\$100,000		\$207,901,773	\$642,276,301	\$233,099,119



# **2001-2003 BIENNIUM OPERATING BUDGET RECOMMENDATIONS**

## **OVERVIEW**

The 2000 Master Plan calls on all those who will benefit from a strong higher education system to share the cost of these investments. Consistent with this emphasis on shared benefits/shared responsibility, the Fiscal Committee presents operating budget recommendations for the 2001-2003 biennium that call for the state to make strategic new investments, for students and families to pay their fair share of education costs, and for colleges and universities to prepare for the 21<sup>st</sup> century. These recommendations were developed consistent with the Board's responsibility to provide the Legislature with a statewide perspective on higher education needs.

The proposed higher education operating budget for the 2001-2003 biennium includes three separate, but inter-related components: 1). Strategic new state investments, 2). Proposed policy for tuition increases, and 3). Salary increases for higher education faculty and staff.

### **Strategic New Investments**

Enhancing the quality of higher education will require the state to continue its commitment to opportunity by maintaining current programs and services and making strategic new investments. The Fiscal Committee recommends that the state make the following strategic investments framed in terms of the Master Plan goals:

#### *Enrollments and Financial Aid*

The Board's top priorities are increasing student enrollments by supporting institutions' requests for an additional 7,091 new FTE student and helping low- and middle-income students pay for college through an expansion of state financial aid. A \$53.8 million increase would allow the state to offer State Need Grants to 3,500 more low-income students and reduce by 50 percent the gap between grants and tuition and fees, help 2,000 more students earn money for school through State Work Study, and fully fund awards for all Washington Promise Scholarship recipients.

#### *Outreach, Diversity and Assisting Students*

Students make better choices when they receive the information and support so essential to success. The committee strongly endorses initiatives to reach out to potential students, including those from groups that are historically under-represented in higher education, in a variety of ways. Helping these students succeed in taking advantage of higher education opportunity is an important goal in the Master Plan.

#### *Competency-Based Admissions Project*

As the K-12 system adopts new ways to measure student learning, so too must the higher education system. This initiative will allow the Board to expand the competency-based admissions standards pilot project from four to 12 high schools and expand monitoring of student success.

#### *Greater Use of E-Learning Technologies*

E-learning technologies can bring to the classroom new opportunities for innovation and quality, while conserving space that will be needed as thousands of new learners seek a college

education. However, expanded adoption of e-learning requires a wide range of efforts to bring these new technologies to students, both inside and outside the classroom.

#### *Developing Competency-based Degrees*

Consistent with the 2000 Master Plan, this pilot project will establish and assess fundamental student learning outcomes in general education and three majors/degree programs that are competency-based.

#### *Flexible Investments*

To operate smarter, effectively meet student needs, and prepare for the 21<sup>st</sup> century, colleges and universities need to make investments in facilities, people, and programs. These investments will allow colleges and universities to offer the programs and services that students and the community will require.

#### **Tuition Policy**

The Fiscal Committee recommends implementing the concept of shared benefit/shared responsibility by linking tuition increases at public colleges and universities to the rate of change in state per capita personal income (PCPI), as outlined in the Board's 2000 Master Plan. Personal income is projected to increase at a rate faster than general inflation. Based on current estimates of PCPI, annual tuition would increase up to 4.7 percent in fiscal year 2002 and up to 3.8 percent in fiscal year 2003. These increases represent the maximum tuition. Colleges and universities would have the flexibility to set lower tuition in response to local conditions and needs. In addition, each college and university would have the flexibility to use tuition proceeds to address its unique needs and priorities.

#### **Salary Increases**

Recognizing that a strong faculty and staff are the backbone of a high-quality public educational system, the Fiscal Committee recommends a number of strategies and flexibility to provide institutions with the tools to deal with the salary challenge. These recommendations will allow colleges and universities to continue to close the salary gap between their faculty and those of peer institutions. Without this investment, the gap will continue or even widen and public colleges and universities will find it increasingly difficult to retain and attract top-notch faculty and staff.

**PROPOSED HECB 2001-2003 OPERATING BUDGET  
RECOMMENDATIONS**  
State General Fund

MASTER PLAN GOALS	BUDGET ITEM	\$ Millions
	<b>FY 1999-2001 State General Fund Appropriation Level</b>	<b>2,549.9</b>
	<b><u>New Investments</u></b>	
	<b>1. Maintaining Current Programs and Services</b>	<b>131.6</b>
<i>Renew Washington State's commitment to higher education opportunity</i>	<b>2. Enrollment and Financial Aid</b>	
	• State support for 7,091 new FTE student enrollments	58.4
	• Financial aid to enable students to attend college	53.8
	<b>Subtotal</b>	<b>112.2</b>
<i>Empower citizens to make the best use of the range of learning pathways available</i>	<b>3. Outreach, Diversity and Assisting Students</b>	<b>43.5</b>
<i>Link K-12 achievement to higher education opportunity</i>	<b>4. Competency-based Admission Project</b>	<b>.5</b>
<i>Employ e-learning technology to enhance higher education capacity and quality</i>	<b>5. Promote the Expanded Adoption of E-learning Technologies in Instruction</b>	<b>22.9</b>
<i>Make student learning the yardstick to measure effectiveness</i>	<b>6. Develop Competency-based Associate and Baccalaureate Degrees</b>	<b>.2</b>
<i>Help colleges and universities meet student needs and compete in an increasingly complex marketplace</i>	<b>7. Flexible Investments in Equipment, Facilities, Infrastructure, Research, Community Service, Economic Development and Workforce Efforts, and Other Initiatives</b>	<b>71.3</b>
<b>Total of Prioritized New Investments</b>		<b>382.2</b>

## ELEMENTS OF HECB PRIORITIES FOR NEW INVESTMENTS IN HIGHER EDUCATION

Note: Budget items are \$ Thousands in priority order.

The amounts shown for each institution within an item are in alphabetical order and are not prioritized.

### 1. Maintaining Current Programs and Services

The first priority is to maintain current programs and services at the institutions.

### 2. Enrollment and Financial Aid

**New Enrollments:** The amount of \$58,419.8 is recommended as the state General Fund share of the cost of 7,091 new FTE enrollments. Tuition revenues that are raised from these additional enrollments are in addition to this amount.

#### HECB 2001-2003 HIGHER EDUCATION ENROLLMENT RECOMMENDATIONS

Full-Time Equivalent (FTE) Student Enrollment

	Current Budgeted Enrollment <u>FY2001</u>	Proposed Additional Enrollment <u>FY2002</u> <u>FY2003</u>		Total New for Biennium <u>Biennium</u>	Proposed Biennial Total
University of Washington	34,688	315	385	700	35,388
Washington State University	19,872	(277)	440	163	20,035
Eastern Washington University	7,864	100	100	200	8,064
Central Washington University	7,867	25	75	100	7,967
The Evergreen State College	3,713	60	128	188	3,901
Western Washington University	10,851	120	120	240	11,091
Subtotal - Four-year Institutions	84,855	343	1,248	1,591	86,446
Higher Education Coord. Board	-	-	500	500	500
State Board for Community and Technical Colleges	123,762	2,500	2,500	5,000	128,762
Total - All Higher Education	208,617	2,843	4,248	7,091	215,708

*Note: Timber worker FTEs appropriated to HECB in FY 2001 are shown under WSU and WWU--25 each*

#### COMPARISON OF TOTAL ENROLLMENT REQUESTS WITH HECB GOALS

Projected FY2003 enrollment to maintain current rate of enrollment for increased population:

Based on OFM projections.	Four-year institutions	87,469
	Two-year institutions	<u>128,768</u>
	Total	216,237
Difference between institutional proposals and current opportunity rate:		(529)
Comparison of institutional proposals and current opportunity rate:		99.8%

**Financial Aid:**

HECB	<b>State Need Grant:</b> increase in funds to close half the gap between current award levels and full tuition and fees for students whose family income is less than 75% of state median	33,200.0
	<b>State Need Grant:</b> for additional 7,091 requested FTEs	2,224.7
	<b>State Work Study:</b> increase number of students served from 9,500 to 11,500 and earnings limit from \$1,675 to \$1,825 per year	7,500.0
	<b>Promise Scholarships:</b> fully fund scholarships for all eligible students equal to community and technical college tuition and fees	9,991.0
	<b>upgrade administrative data systems</b>	<u>884.0</u>
<b>Total: Financial aid</b>		<b>\$53,799.7</b>

**3. Outreach, Diversity and Assisting Students**

	College Awareness project-includes Office of the Superintendent of Public Instruction, Community and Technical Colleges, and four-year institutions	15,227.2
CWU	expand teacher education at CWU centers	280.0
	expand outreach, diversity and retention efforts	2,650.0
EWU	centers of excellence (music, honors, creative writing)	3,269.0
HECB	improve student transfer/articulation	1,006.0
	learning opportunity project	1,279.0
	services to displaced homemakers	398.0
	teacher training grants	600.0
NSIS	student services/technology support	449.0
TESC	establish a campus math center	340.0
	expand student recruitment	470.0
	expand advising and freshmen retention	206.0
WSU	implement global competencies initiative	2,000.0
	establish urban 4-H school program	3,800.0
	expand technology instruction and high tech programs	6,400.0
WWU	improve student access, retention, degree completion	1,664.0
	increase access and support for core classes	2,756.0
	improve articulation strategies with community colleges	59.0
	implement additional public school teacher endorsements	286.0
	increase outreach and recruitment efforts	163.0
	assist students in acquiring financial aid	41.0
	continue Native American interdisciplinary program	<u>160.0</u>
<b>Total: Outreach, diversity and assisting students</b>		<b>43,503.2</b>

#### **4. Competency-based Admissions Project**

HECB	develop competency-based admissions standards for high school students entering baccalaureate institutions	<b>461.0</b>
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#### **5. Promote the Expanded Adoption of E-learning Technology in Instruction**

CWU	expand e-learning capabilities	2,186.0
EWU	upgrade instructional technology and support	3,597.0
HECB	IT grants to institutions	2,000.0
SBCTC	create online campus service center	6,500.0
TESC	expand e-learning capabilities	2,000.0
UW	upgrade classroom teaching technology	1,200.0
	cooperative library project--science/technology databases	3,000.0
WWU	use technology for curricular innovation	866.0
	upgrade computer science faculty/staff	673.0
	increase K-20 network use	98.0
	expand technological infrastructure and faculty training	<u>770.0</u>
<b>Total: E-learning technology in instruction</b>		<b>22,890.0</b>

#### **6. Developing Competency-based Degrees**

HECB	establish and measure learning outcomes associated with associate and baccalaureate degrees	<b>200.0</b>
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#### **7. Flexible Investment in Equipment, Facilities, Infrastructure, Research, Community Service, Economic Development and Workforce Efforts, and Other Initiatives**

##### **Equipment/facilities and infrastructure investments:**

CWU	update academic support systems	4,206.0
EWU	maintain and replace technology equipment	3,299.0
HECB	facility condition assessment	1,453.0
NSIS	lease costs	887.0
	general operations costs	100.0
TESC	improve physical plant operations/maintenance	360.0
	increase staff training and development	200.0
	improve management reporting and analysis	374.8
WSU	replace technology equipment	1,500.0
WWU	support for web-based information services	80.0
	replace research equipment	220.0
	replace technology equipment	2,420.0
	support university/public responsibility	1,969.0
	enhance library support	<u>660.0</u>
<b>Total: Equipment, facilities and infrastructure</b>		<b>17,728.8</b>

##### **Community and technical college workforce initiatives:**

SBCTC	increase average FTE funding level	9,900.0
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	hi-tech program startup grants	6,000.0
	increase job skills projects	<u>2,000.0</u>
<b>Total:</b>	<b>Workforce initiatives</b>	<b>17,900.0</b>

**Research, Community Service and Economic Development:**

TESC	establish Center for Community Partnerships	446.8
	complete WSIPP street youth study	40.0
UW	provide match for research opportunities	3,000.0
	implementation funds for advanced technology initiatives	1,500.0
WSU	expand biotechnology research	3,000.0
	implementation funds for advanced technology initiatives	3,000.0
WWU	equipment grants and TAs for research	<u>738.0</u>
<b>Total:</b>	<b>Research, community service and economic development</b>	<b>11,688.8</b>

**Community College Responsiveness proposal:**

The colleges are requesting funds for technology, student services, faculty mix, plant maintenance and operations and education initiatives to meet the specific needs and priorities for each college. As part of this request for state funds, the colleges will pledge \$12 million in tuition funds from SBCTC-proposed annual tuition increases in each year of the next biennium.

<b>Total:</b>	<b>Community College Responsiveness Proposal</b>	<b>24,000.0</b>
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<b>Total:</b>	<b>Flexible investments</b>	<b>\$71,317.6</b>
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## 2001-2003 BIENNIUM TUITION RECOMMENDATION

### RECOMMENDATION

Consistent with the principle of shared benefits/shared responsibility as outlined in the HECB 2000 Master Plan, the Board recommends linking tuition increases at public colleges and universities for the 2001-2003 biennium to the rate of change in state per capita personal income (PCPI). The Board views PCPI as a measure of students' ability to pay an increased share of the cost of their education. It also recognizes the ongoing responsibility of the state to provide funding to ensure the availability and affordability of higher education for citizens of the state.

#### *Institutional Flexibility*

Consistent with directives in the current biennium, the Board recommends that tuition increases based on PCPI represent the maximum increase that students and families would be asked to pay. Colleges and universities would have the flexibility to set tuition lower than the maximum allowed tuition in response to local conditions and needs. In addition, each college and university would have the flexibility to use tuition proceeds to address its unique needs and priorities.

#### *2001-2003 Biennium Tuition Amounts*

The Fiscal Committee recommends using a three-year average of PCPI to calculate the percentage increase for each year of the next biennium. The table below displays the estimated average PCPI increases for the two years of the biennium, along with the resulting tuition levels **provided that the institutions increase tuition at the maximum percentage each year.** If institutions increase tuition at a lower percentage, the dollar amount in tuition charges to students would be reduced.

### Student Charges: Resident Undergraduates Annual Tuition (Operating and Building) (Tuition Projections based on maximum PCPI percentage increases)

	Current year:  Tuition	Projections:		Projections:	
		2001-02 Maximum % Increase	2001-02 Tuition	2002-03 Maximum % Increase	2002-03 Tuition
UW	\$ 3,368	4.7%	\$ 3,526	3.8%	\$ 3,660
WSU	\$ 3,351	4.7%	\$ 3,509	3.8%	\$ 3,642
CWU	\$ 2,487	4.7%	\$ 2,604	3.8%	\$ 2,703
EWU	\$ 2,451	4.7%	\$ 2,566	3.8%	\$ 2,664
TESC	\$ 2,490	4.7%	\$ 2,607	3.8%	\$ 2,706
WWU	\$ 2,490	4.7%	\$ 2,607	3.8%	\$ 2,706
CTC's	\$ 1,476	4.7%	\$ 1,545	3.8%	\$ 1,604

\* Does not include "services and activities fees" or "technology fees."

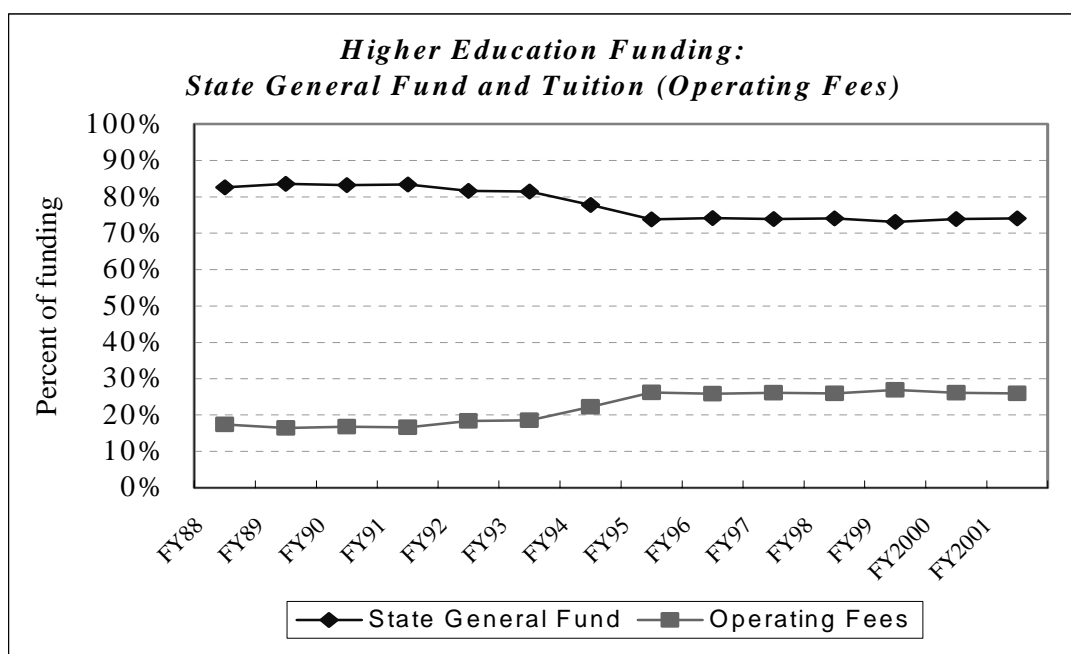
The calculations above represent **tuition** only. Most of tuition is comprised of "operating fees" (used for instruction), with a small portion dedicated to "building fees" (used for bond retirement



and building projects). In addition, students are charged “services and activities fees,” as well as “technology fees” at some institutions.

### Historical Review of Tuition in Washington

The chart below displays the funding history for public higher education as reflected in State General Fund appropriations and revenue provided through tuition. In the early 1990s, tuition as a portion of funding increased substantially as the State General Fund portion decreased. Recently, the relative share of each has stabilized. The Board’s recommendation to the state to link tuition increases to PCPI while continuing its commitment to higher education will maintain the current proportional share of funding.



Note: The above graph reflects total State General Fund appropriations and total revenue from operating fees.

## 2001-2003 BIENNIUM SALARY RECOMMENDATION

### OVERVIEW

The Higher Education Coordinating Board is charged by law with reviewing and recommending salary levels for faculty and exempt employees of the state's public higher education institutions (RCW 28B.80.350(6)).

Recognizing that a strong faculty and staff are the backbone of a high-quality public educational system, the Fiscal Committee recommends a number of strategies and flexibility to deal with salary challenges in the 2001-2003 biennium. This recommendation will allow colleges and universities to continue to close the salary gap between their faculty and faculty at peer institutions. Specifically, the recommendations include the following:

- 6% and 4% basic salary increases for faculty and professional/exempt staff at the four-year institutions \*\$82.7 million
- 5% and 5% for faculty and professional/exempt staff at the community and technical colleges \*\$52.6 million
- recruitment and retention funding for faculty and professional/exempt staff at all institutions \*\$25.7 million
- special labor market adjustments ~~for research universities~~ ~~\$9.0~~ \*\*\$9.5 million
- community and technical college part-time faculty equalization \$20.0 million

Also crucial to closing the gap is ensuring that the state preserves the current level of employee benefits and that institutions retain their current flexibility to identify and redirect other revenue and savings to salary and benefit increases. The Fiscal Committee also supports classified staff salary increases that are competitive with other sectors of the economy.

*\* These amounts are estimates provided by the Office of Financial Management (OFM). OFM is currently gathering data to re-calculate the specific cost of these proposals. Final numbers should be available in November.*

*\*\*Includes specific requests by UW, WSU and WWU. The HECB also recommends the Governor and Legislature consider similar adjustments for the other colleges and universities.*

### BACKGROUND

Earlier this year, staff reviewed with institutions the status of fall 1999 faculty salaries compared with their peers across the nation. The results of that review are summarized on the following tables. As indicated, by the end of the 1999-2001 biennium, faculty salaries at all of the state's public higher education institutions will lag those at their respective peer institutions. Data presented here also include the rankings of Washington higher education institutions compared to the 75th percentile of respective peer groups.

Washington institutions compete for faculty in both the national and international marketplaces. As indicated in the following tables, institutions will generally make headway during this biennium in reducing the gap between average salaries and those of their peer institutions. This is largely the result of state-funded general salary increases plus recruitment and retention funds and flexibility in reallocating institutional funds for salary increases.

Failure to maintain market rates for salaries means that state institutions are at a disadvantage in recruiting and retaining the best faculty and staff. Institutions report that competitive offers have significantly increased compared to last biennium. One comprehensive institution reported a total staff vacancy rate of 15 percent due to difficulties in replacing staff in the competitive job market. Turnover, morale, and overall quality are affected when a college or university loses its best staff to other institutions.

Studies, such as the one contracted by the University of Washington, and data from Washington State University have shown a corresponding gap in the salary levels of exempt and other professional staff. This is a condition most likely shared by other institutions, although explicit studies have not been undertaken at those institutions. A survey released by the state Department of Personnel found similar results for classified staff at the institutions.

## **INSTITUTION REQUESTS**

Faced with this problem, all of the state's four-year institutions have designated salary increases as their top priority in the next biennium. In September, the four-year institutions presented to the HECB a coordinated proposal for a salary increase of 6 percent for fiscal year 2002 and 4 percent for fiscal year 2003 for faculty and exempt staff during the upcoming biennium.

In addition to the general salary increases stated above, four-year institutions have requested one percent of the salary base each year of the biennium for recruitment and retention pools. In addition, the University of Washington, ~~and~~ Washington State University and Western Washington University have requested a special pool to address salaries in critical market areas, such as biotechnology and information technology. Institutions are also asking for flexibility in their salary appropriations by the Legislature to help address salary issues.

The community and technical college system has requested a general salary increase of 5 percent in each year of the biennium. The SBCTC has also requested increased funding to continue equalizing part-time faculty salaries with those of their full-time counterparts, to provide and fund sick leave and retirement benefits for some part-time faculty, and to fund faculty increments.

**TABLE 1**  
**SUMMARY OF FACULTY SALARY RANKINGS**  
**Compared to the Peers Average Salary**

projected to June 30, 2001

	FY2000					FY2001 (as of 6-30-01)			
	Fall 1999 Data - 9/10 & 11/12 mo faculty					ESTIMATED *			
	AVG	% ile	PEERS	%		AVG	% ile	PEERS	%
	SALARY	RANK *	AVERAGE	DIFF.		SALARY	RANK *	AVERAGE	DIFF.
UW	68,463	44th	71,964	5.1%		71,373	40th	75,202	5.4%
WSU	58,533	9th	68,132	16.4%		61,196	9th	71,198	16.3%
EWU	51,101	43rd	55,670	8.9%		53,370	47th	57,507	7.8%
CWU	48,556	24th	55,670	14.7%		50,984	29th	57,507	12.8%
TESC	46,984	17th	55,670	18.5%		50,428	26th	57,507	14.0%
WWU	51,746	48th	55,670	7.6%		54,333	53rd	57,507	5.8%
SBCTC	42,287	n/a	n/a	n/a		n/a	n/a	n/a	n/a

**Notes:**

\* The average salary would be at the 50th%ile in a normal distribution.

A ranking of 44th represents a higher salary than a ranking of 9th.

**Research** universities: all peer institutions included.

**Comprehensive** universities: 236/278 peer institutions included.

**Community & technical colleges** peer salary data are not available.

Data for 11/12 month faculty have been normalized to 9/10 month equivalent.

**Notes:**

\* **Peers** projection based on 3-year average salary increase of respective peer groups. (4.5% & 3.3%)

**Washington four-year** institution's salary are as reported. Salary increases include

3% & 1% for faculty recruitment and retention.

In addition, institutions were granted authority to provide salary increases from other sources.

**TABLE 2**  
**SUMMARY OF FACULTY SALARY RANKINGS**  
**Compared to Peers 75th Percentile**

projected to June 30, 2001

	FY2000					FY2001 (as of 6-30-01)			
	Fall 1999 Data - 9/10 & 11/12 mo faculty					ESTIMATED *			
	AVG	% ile	PEERS	%		AVG	% ile	PEERS	%
	SALARY	RANK	75th'ile *	DIFF.		SALARY	RANK	75th'ile *	DIFF.
UW	68,463	44th	78,467	14.6%		71,373	40th	81,998	14.9%
WSU	58,533	9th	70,048	19.7%		61,196	9th	73,200	19.6%
EWU	51,101	43rd	57,932	13.4%		53,370	47th	59,844	12.1%
CWU	48,556	24th	57,932	19.3%		50,984	29th	59,844	17.4%
TESC	46,984	17th	57,932	23.3%		50,428	26th	59,844	18.7%
WWU	51,746	48th	57,932	12.0%		54,333	53rd	59,844	10.1%
SBCTC	42,287	n/a	n/a	n/a		n/a	n/a	n/a	n/a

**Notes:**

\* The average salary would be at the 50th%ile in a normal distribution.  
 A ranking of 44th represents a higher salary than a ranking of 9th.  
**Research** universities: all peer institutions included.  
**Comprehensive** universities: 236/278 peer institutions included.  
**Community & technical colleges** peer salary data are not available.

Data for 11/12 month faculty have been normalized to 9/10 month equivalent.

**Notes:**

\* **Peers** projection based on 3-year average salary increase of respective peer groups. (4.5% & 3.3%)  
**Washington four-year** institution's salary are as reported. Salary increases include 3% & 1% for faculty recruitment and retention. In addition, institutions were granted authority to provide salary increases from other sources.

**SUMMARY: HECB 2001-2003 HIGHER EDUCATION OPERATING BUDGET RECOMMENDATIONS**

**State General Fund**

*\$ Millions*

	<u>UW</u>	<u>WSU</u>	<u>EWU</u>	<u>CWU</u>	<u>TESC</u>	<u>WWU</u>	<b>4-YEAR <u>TOTAL</u></b>	<u>NSIS</u>	<u>SBCTC</u>	<u>HECB</u>	<b>TOTAL <u>ALL</u></b>
<b>Current Biennium Budget</b>	<b>652.4</b>	<b>380.4</b>	<b>85.5</b>	<b>86.8</b>	<b>47.2</b>	<b>109.6</b>	<b>1,362.0</b>	<b>0.4</b>	<b>946.5</b>	<b>241.0</b>	<b>2,549.9</b>
<b>Carry Forward Level</b>	<b>670.1</b>	<b>395.6</b>	<b>88.5</b>	<b>89.5</b>	<b>48.5</b>	<b>113.4</b>	<b>1,405.6</b>	<b>0.6</b>	<b>984.7</b>	<b>246.8</b>	<b>2,637.7</b>
New facilities on line	3.0	4.0	0.7			0.8	<b>8.5</b>		5.0		<b>13.5</b>
Inflation, utilities	10.7	5.5	0.7	0.3	0.5	0.6	<b>18.2</b>		5.5		<b>23.7</b>
All Other	1.6	0.1			0.0	0.3	<b>2.0</b>		4.3	0.2	<b>6.5</b>
Subtotal	15.3	9.6	1.4	0.3	0.5	1.7	<b>28.8</b>		14.8	0.2	<b>43.7</b>
<b>Maintenance Level</b>	<b>685.4</b>	<b>405.2</b>	<b>89.9</b>	<b>89.8</b>	<b>49.0</b>	<b>115.1</b>	<b>1,434.4</b>	<b>0.6</b>	<b>999.5</b>	<b>247.0</b>	<b>2,681.5</b>
<b>New Proposals:</b>											
New Enrollments	13.0	1.7	2.1	0.7	1.5	2.5	<b>21.5</b>		32.3	4.7	<b>58.4</b>
Financial Aid							-			53.8	<b>53.8</b>
*College Awareness Project	2.2	1.5	0.8	0.9	8.5	1.3	<b>15.2</b>				<b>15.2</b>
Outreach/Diversity/Meet Student Needs		12.2	3.3	2.9	1.0	5.1	<b>24.5</b>	0.4		3.3	<b>28.3</b>
Competency Based Admissions							-			0.5	<b>0.5</b>
Promote E-learning	4.2		3.6	2.2	2.0	2.4	<b>14.4</b>		6.5	2.0	<b>22.9</b>
Competency Based Degrees							-			0.2	<b>0.20</b>
Flexible Investments	4.5	7.5	3.3	4.2	1.4	6.1	<b>27.0</b>	1.0	41.9	1.5	<b>71.3</b>
<b>Subtotal - New Proposals</b>	<b>23.9</b>	<b>22.9</b>	<b>13.1</b>	<b>10.9</b>	<b>14.4</b>	<b>17.4</b>	<b>102.6</b>	<b>1.4</b>	<b>80.7</b>	<b>65.9</b>	<b>250.6</b>
<b>TOTAL REQUEST</b>	<b>709.3</b>	<b>428.1</b>	<b>103.0</b>	<b>100.7</b>	<b>63.4</b>	<b>132.5</b>	<b>1,537.0</b>	<b>2.1</b>	<b>1,080.1</b>	<b>312.9</b>	<b>2,932.1</b>
Increase over current biennium: \$	56.9	47.7	17.5	13.9	16.2	22.9	<b>175.0</b>	1.7	133.6	71.9	<b>382.2</b>
							<b>12.9%</b>		<b>14.1%</b>	<b>29.8%</b>	<b>15.0%</b>

*\* The Evergreen State College Center for Educational Achievement will be the College Awareness Program fiscal agent and receive the Building the Pipeline appropriations*

**Salary Increases**

**Faculty and professional/exempt staff basic increases	40.0	22.8	5.4	5.0	6.7	2.8	<b>82.7</b>		52.6		<b>135.3</b>
Faculty and professional/exempt Recruitment/Retention	7.4	4.2	1.0	0.9	0.5	1.2	<b>15.3</b>		10.4		<b>25.7</b>
Labor Market Adjustments	6.0	3.0				<u>0.5</u>	<del>9.0</del> <b>9.5</b>				<del>9.0</del> <b>9.5</b>
CTC Part-time Faculty Equalization									20.0		<b>20.0</b>

*\*\*Note: The recommended basic salary increase for the four-year institutions is 6% for FY 2002 and 4% for FY 2003; for the community and technical colleges it is 5% each year.*

## SUMMARY: HECB 2001-2003 OPERATING BUDGET RECOMMENDATIONS

State General Fund, \$ Millions  
All State Institutions and HECB

Current Biennium Budget	2,549.9
Cost to Maintain Current Programs and Services	<u>131.6</u>
Total, Budget Level to Maintain Current Programs and Services	2,681.5
New Proposals:	
New Enrollments	58.4
Financial Aid	53.8
College Awareness Project	15.2
Outreach, Diversity and Assisting Students	28.3
Competency-based Admission Project	0.5
E-learning Technology	22.9
Competency-based Degrees	0.2
Flexible Investments	71.3
Subtotal - New Proposals	250.6
TOTAL NEW INVESTMENTS	382.2
Increase over current biennium:	15.0%

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### Salary Increases

Faculty and professional/exempt staff basic increases	\$ 135.3
Faculty and professional/exempt Recruitment/Retention	25.7
Labor Market Adjustments	<u>9.0</u>
CTC Part-time Faculty Equalization	20.0